

# Town of Arlington Long Range Financial Projection

		FY 2018 RECAP	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change	FY 2023	Dollar Change	Percent Change
I REVENUE																	
A. State Aid		19,207,063	19,958,018	750,955	3.91%	20,153,315	195,297	0.98%	20,350,564	197,249	0.98%	20,549,786	199,222	0.98%	20,751,000	201,214	0.98%
	School Construction Aid	1,615,914	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0	(476,523)	-100.00%	0	0	
B. Local Receipts		9,071,000	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000	100,000	1.07%	9,571,000	100,000	1.06%
C. Free Cash		4,850,566	4,593,375	(257,191)	-5.30%	2,901,145	(1,692,230)	-36.84%	2,901,145	0	0.00%	2,901,145	0	0.00%	2,901,145	0	0.00%
D. Overlay Reserve Surplus		500,000	200,000	(300,000)	-60.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E. Property Tax		117,255,201	123,722,451	6,467,250	5.52%	126,997,516	3,275,065	2.65%	130,309,348	3,311,832	2.61%	133,629,852	3,320,504	2.55%	137,074,705	3,444,853	2.58%
F. Override Stabilization Fund			2,786,331			8,061,167			11,545,483			1,299,231					
TOTAL REVENUES		152,499,744	160,907,698	8,407,954	5.51%	168,060,666	7,152,968	4.45%	175,154,063	7,093,397	4.22%	168,051,014	(7,103,049)	-4.06%	170,497,850	2,446,836	1.46%
II APPROPRIATIONS																	
A. Operating Budgets																	
	School																
	General Education Costs	38,787,542	43,011,008	4,223,466	10.89%	45,377,493	2,366,485	5.50%	47,943,306	2,565,813	5.65%	50,254,483	2,311,177	4.82%	52,833,967	2,579,484	5.13%
	Special Education Costs	20,037,415	21,440,034	1,402,619	7.00%	22,940,836	1,500,802	7.00%	24,546,695	1,605,859	7.00%	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%
	Kindergarten Fee Offset	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%
	Growth Factor	1,133,528	831,980	(301,548)	-26.60%	944,542	112,562	13.53%	611,750	(332,792)	-35.23%	792,828	181,078	29.60%	665,584	(127,244)	-16.05%
	Net School Budget	60,928,485	66,253,022	5,324,537	8.74%	70,232,871	3,979,849	6.01%	74,071,751	3,838,880	5.47%	78,282,275	4,210,524	5.68%	82,573,062	4,290,787	5.48%
	Minuteman: Operating and Capital	4,291,333	4,936,724	645,391	15.04%	5,109,509	172,785	3.50%	5,288,342	178,833	3.50%	5,473,434	185,092	3.50%	5,665,004	191,570	3.50%
	Town																
	Personnel Services	26,722,171	27,620,241	898,070	3.36%	28,517,899	897,658	3.25%	29,444,731	926,832	3.25%	30,401,685	956,954	3.25%	31,389,740	988,055	3.25%
	Expenses	10,314,386	10,594,579	280,193	2.72%	10,938,903	344,324	3.25%	11,294,417	355,514	3.25%	11,661,486	367,069	3.25%	12,040,484	378,998	3.25%
	Enterprise Fund/Other	2,436,791	2,490,562	53,771	2.21%	2,571,505	80,943	3.25%	2,655,079	83,574	3.25%	2,741,369	86,290	3.25%	2,830,463	89,094	3.25%
	Net Town Budget	34,599,766	35,724,258	1,124,492	3.25%	36,885,297	1,161,039	3.25%	38,084,069	1,198,772	3.25%	39,321,802	1,237,733	3.25%	40,599,761	1,277,959	3.25%
	MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
B. Capital budget																	
	Exempt Debt Service	3,175,427	4,432,143	1,256,716	39.58%	4,273,079	(159,064)	-3.59%	4,114,929	(158,150)	-3.70%	3,452,179	(662,750)	-16.11%	3,352,632	(99,547)	-2.88%
	Non-Exempt Service	7,281,819	6,624,043	(657,776)	-9.03%	6,558,240	(65,803)	-0.99%	6,937,624	379,384	5.78%	7,307,245	369,621	5.33%	7,051,990	(255,255)	-3.49%
	Cash	3,941,928	2,795,027	(1,146,901)	-29.09%	2,676,735	(118,292)	-4.23%	2,419,060	(257,675)	-9.63%	2,225,544	(193,516)	-8.00%	2,213,383	(12,161)	-0.55%
	Offsets/Capital Carry Forward	(2,875,349)	(994,056)	1,881,293	-65.43%	(361,629)	632,427	-63.62%	(317,138)	44,491	-12.30%	(387,057)	(69,919)	22.05%	(351,743)	35,314	-9.12%
	Total Capital	11,523,825	12,857,157	1,333,332	11.57%	13,146,425	289,268	2.25%	13,154,475	8,050	0.06%	12,597,911	(556,564)	-4.23%	12,266,262	(331,649)	-2.63%
C. Pensions		10,141,735	10,765,545	623,810	6.15%	11,357,650	592,105	5.50%	11,982,321	624,671	5.50%	12,641,349	659,028	5.50%	13,336,623	695,274	5.50%
D. Insurance		17,239,561	17,159,100	(80,461)	-0.47%	18,236,212	1,077,112	6.28%	19,311,408	1,075,196	5.90%	20,482,783	1,171,375	6.07%	21,694,587	1,211,804	5.92%
E. State Assessments		3,240,429	3,341,106	100,677	3.11%	3,423,233	82,127	2.46%	3,507,412	84,179	2.46%	3,593,697	86,285	2.46%	3,682,138	88,441	2.46%
G. Overlay Reserve		1,156,229	800,000	(356,229)	-30.81%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%
H. Reserve Fund		1,506,440	1,553,287	46,847	3.11%	1,599,995	46,708	3.01%	1,636,086	36,091	2.26%	1,667,518	31,432	1.92%	1,704,979	37,461	2.25%
I. Court Judgments/Symmes		748,338	771,250	22,912	3.06%	773,225	1,975	0.26%	771,950	(1,275)	-0.16%	767,450	(4,500)	-0.58%	100,000	(667,450)	-86.97%
J. Warrant Articles		1,319,355	1,153,137	(166,218)	-12.60%	1,103,137	(50,000)	-4.34%	1,153,137	50,000	4.53%	1,103,137	(50,000)	-4.34%	1,153,137	50,000	4.53%
K. Override Stabilization Fund		211,136															
L. TOTAL APPROPRIATIONS		152,499,744	160,907,698	8,407,954	5.51%	168,060,666	7,152,968	4.45%	175,154,063	7,093,397	4.22%	182,324,467	7,170,404	4.09%	188,968,664	6,644,197	3.64%
BALANCE		0	0			0			0			(14,273,453)			(18,470,814)		
Reserve Balances																	
	Free Cash	9,186,749	5,802,290			5,802,290			5,802,290			5,802,290			5,802,290		
	Stabilization Fund	3,119,606	3,313,194			3,512,590			3,717,968			3,929,507			4,147,392		
	Override Stabilization Fund	23,692,212	20,905,881			12,844,714			1,299,231			0			0		
	Municipal Bldg. Ins. Trust Fund	757,006	779,716			803,107			827,201			852,017			877,577		
	TOTAL:	36,755,573	30,801,081			22,962,701			11,646,689			10,583,813			10,827,259		
	% of General Fund Revenue	24.1%	19.1%			13.7%			6.6%			6.3%			6.4%		

The plan does not include any potential impacts of an Arlington High School Project

The plan does not include any projected revenues or expenditures from the Community Preservation Act

### Projected School Enrollment Growth FY 2017 - FY 2023

	FY 2018**	FY 2019**	FY 2020*	FY 2021*	FY 2022*	FY 2023*
Actual/Proj. Annual Growth	242	170	193	125	162	136

\*\* Actual Growth - Based on 35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth and FY15 PPC Cost of \$13,383 = \$4,684 X Enrollment Growth

\* Projected Growth- Based on 35% of FY16 DESE Per Pupil Cost of \$13,984 = \$4,894 X Enrollment Growth

Town of Arlington Long Range Financial Projection

Explanation of Terms		
I REVENUE		
A. State Aid		State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others.
	School Construction Aid	Reimbursement for school construction costs from an old state program. These payments run out in FY2021.
B. Local Receipts		Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year.
C. Free Cash		Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.
D. Overlay Reserve Surplus		The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released.
E. Property Tax		Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus
F. Override Stabilization Fund		The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in
TOTAL REVENUES		
II APPROPRIATIONS		
A. Operating Budgets		
	School	Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).
		Special Education Costs
		Kindergarten Fee Offset
		Growth Factor
	Net School Budget	An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 35% of The Total School Department Budget.
	Minuteman	Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.
	Town	Town employees salaries and wages. Assumption: Annual growth of 3.25%
		Expenses
		Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%
	Less Offsets:	Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%
		Net Town Budget
		Personnel Services plus Expenses, minus Offsets.
		MWRA Debt Shift
		The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per
B. Capital budget		
		Exempt Debt Service
		Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched.
		Non-Exempt Service
		Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.
		Cash
		Items in the annual Capital Plan paid for with cash.
		Offsets/Capital Carry Forward
		Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.
		Total Capital
		Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.
C. Pensions		Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.
D. Insurance		Health, property, and liability insurance. Assumption: Updated annually with new enrollment figures and insurance rates. Future costs include teacher staffing increases to meet increased student populations, plus 5.25% inflation.
E. State Assessments		Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).
F. Offset Aid - Assistance to Libraries		Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.
G. Overlay Reserve		Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.
H. Fixed Costs - Res. Fund & Elections		Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number
I. Other	Court Judgments/Symmes	Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.
J. Warrant Articles		Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.
K. Override Stabilization Fund		In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.
L. TOTAL APPROPRIATIONS		The total of all items under II Appropriations.
BALANCE		The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.
Reserve Balances		
	Free Cash	An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.
	Stabilization Fund	A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.
	Override Stabilization Fund	The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general fund budget.
	Municipal Bldg. Ins. Trust Fund	A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies
		TOTAL: Total reserves.
	% of General Fund Revenue	Total reserves as a percent of total revenue.